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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

Revised estimates: effect of changes in rates of exchange and inflation

Report of the Secretary-General

1. To provide a comparable basis to analyse increases and decreases in a programme from one biennium to another, the proposed programme budget is presented at the same price levels and the same rates of exchange as the current programme budget. At the same time, the proposed programme budget contains provisions for anticipated increases due to inflation and for adjustments due to changes in the rates of exchange. These are isolated and presented separately in the column "recosting" in the proposed programme budget. After preparing the proposed programme budget, the programme budget is "recosted" three times in the biennial cycle:

(a) The first recosting is contained in the revised estimates submitted by the Secretary-General for consideration by the General Assembly in order to update the resource requirements in the proposed programme budget before an initial appropriation is approved;

(b) The second is contained in the revised estimates submitted by the Secretary-General in the first performance report in connection with approval of a revised appropriation;

(c) The third is included in the second performance report in connection with approval of the final appropriation.

2. As foreseen in the introduction to the proposed programme budget for the biennium 1998-1999,[1] a recosting of the proposed programme budget is hereby provided to take into account changes in operational rates of exchange, actual inflation experience, the outcome of salary surveys, if any, and the movement of

post adjustment indices. The recosting in this case is based on data available up to December 1997.

3. The following annexes to the present report provide the proposed revised recosting factors to be applied for the first recosting in the biennial cycle and are compared to the assumptions applied in the preliminary recosting included in the proposed programme budget for the biennium 1998-1999:

Annex I. Rates of exchange and inflation included in the proposed programme budget and in the present report, by main duty station

Annex II. Post adjustment multipliers, by main duty station

Annex III. Cost-of-living adjustments, by main duty stations

Annex IV. Effect of recosting, by section, subsection and main determining factor

4. The United Nations operational rates of exchange in force at the time of the recosting (latest exchange rate) have frequently been used as the basis of recostings. In the present recosting, a similar approach of using the latest rate of exchange (that is, December 1997) has been used. This is in line with the views of the Advisory Committee on Administrative and Budgetary Questions (A/51/7/Add.6, para. 5) that the Administration should use such operational rates of exchange in its recosting exercises as would allow for the lowest estimates.

5. With respect to inflation, consideration is given, as necessary, to a series of factors, including analysis of the movement of the consumer price index at the different duty stations for goods and services, and probable increases in the salaries of General Service staff as a result of the movement of consumer price indices and the outcome of comprehensive salary surveys.

6. In the case of the salaries of Professional staff, while base salaries are not affected by exchange rates as they are denominated in dollars, the post adjustment component moves in response to changes in cost-of-living and exchange rates. The base salaries are, however, adjusted at each recosting to incorporate latest trends following an analysis of monthly payroll data by grade for each duty station.

7. With regard to the vacancy rate, as indicated in paragraph 15 of the introduction to the proposed programme budget for the biennium 1998-1999, a rate of 5 per cent for Professionals and a rate of 2.5 per cent for General Service staff is proposed for the biennium.

8. The new recosting parameters have been applied to the proposed programme budget for the biennium 1998-1999 and incorporate the adjustments arising from the following:

(a) Report of the Secretary-General on United Nations reform: measures and proposals (A/52/303 and Add.1);

(b) Statements of programme budget implications on:

(i) The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development: United Nations Verification Mission in Guatemala (A/C.5/52/21 and Add.1);

(ii) Report of the International Law Commission on the work of its forty-ninth session (A/C.5/52/23 and Corr.1);

(iii) The situation of democracy and human rights in Haiti (A/C.5/52/30);

(iv) The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development (A/C.5/52/31);

(v) The situation in Afghanistan and its implications for international peace and security: United Nations Special Mission to Afghanistan (A/C.5/52/33);

(c) Revised estimates in respect of matters of which the Security Council is seized (A/C.5/52/24).

Proposed programme budget, including adjustments referred to in paragraph 8	Exchange rates	Inflation	Total changes	Estimated 1998-1999 appropriation
	(Thousands of United States dollars)			
2 636 313.4	(120 758.5)	7 033.3	(113 725.2)	2 522 588.2

9. As decisions of the Fifth Committee remain pending on a number of these issues, the recosting as shown in the present report would be subject to further revision, as necessary. Annex IV contains a listing by section and main determining factor of the revised 1998-1999 estimates resulting from the recosting of the resource requirements of the expenditure sections in the proposed programme budget, inclusive of the adjustments enumerated in paragraph 8 above, using the rates of exchange and inflation recommended in the present report.

10. The foregoing budget factors are also proposed to be applied to the income sections. The revised estimates for the income sections are summarized below:

Section	Proposed programme budget	Revised estimates	Increase (decrease)
	(Thousands of United States dollars)		
IS1. Income from staff assessment	326 318.3	317 697.7	(8 620.6)
IS2. General income	35 135.8	33 743.6	(1 392.2)
IS3. Services to the public	5 217.4	4 610.0	(607.4)
Total	366 671.5	356 051.3	(10 620.2)

Notes

[1] Official Records of the General Assembly, Fifty-second Session, Supplement No. 6 (A/52/6/Rev.1), vol. I, para. 10.

ANNEX I

Rates of exchange and inflation included in the proposed programme budget and in the present report, by main duty station

Main duty station (currency)	Rates of exchange 1998-1999		Average annual rates of inflation (percentage)		
	Proposed programme budget[a]	In the present report[b]	Proposed programme budget	In the present report 1998	In the present report 1999
New York (United States dollars)	-	-	3.0	2.4	2.7
Geneva (Swiss francs)	1.29	1.42	1.1	1.0	1.3
Vienna (Austrian schillings)	10.80	12.30	1.5	2.5	2.1
The Hague (Netherlands guilders)	1.72	1.99	1.9	3.0	2.6
Bangkok (Thai bahts)	25.40	40.00	4.0	9.7	7.0
Santiago (Chilean pesos)	417.00	420.00	5.0	4.3	6.0
Mexico City (Mexican pesos)	7.80	8.10	10.0	17.9	18.8
Addis Ababa (Ethiopian birr)	6.32	6.81	5.0	5.0	5.0
Nairobi (Kenyan schillings)	56.50	64.00	10.0	10.0	10.0
Port-of-Spain (Trinidad and Tobago dollars)	6.06	6.25	3.5	3.5	3.5
Amman (Jordanian dinars)	0.71	0.71	5.0	5.0	5.0
Beirut (Lebanese pounds)	1 560.00	1 541.00	5.0	7.5	7.5
Gaza (Israel) (new shekels)	3.22	3.56	7.5	10.0	10.0
United Nations Truce Supervision Organization (Israel) (new shekels)	3.22	3.56	7.5	10.0	10.0
United Nations Military Observer Group in India and Pakistan (rupees)	35.50	36.10	8.0	8.4	8.4
United Nations Relief and Works Agency for Palestine Refugees in the Near East (Gaza) (shekels)	3.22	3.56	7.5	10.0	10.0
United Nations information centres[c]	-	-	3.0	2.7	2.7

[a] December 1996 rate of exchange.

[b] December 1997 rate of exchange.

[c] Combined effect of inflation and exchange rate changes.

ANNEX II

Post adjustment multipliers, by main duty station

Main duty station	Proposed programme budget		In the present report	
	1998	1999	1998	1999
New York	148.5	152.9	147.6	151.4
Geneva	178.1	178.1	162.8	162.8
Vienna	157.9	159.4	142.3	144.1
The Hague	148.0	150.0	130.4	133.2
Bangkok	133.7	139.0	117.0	125.5
Santiago	143.0	149.6	135.5	136.5
Mexico City	135.4	144.9	118.6	126.1
Addis Ababa	138.7	144.0	135.8	139.6
Nairobi	122.4	130.5	119.1	125.4
Port-of-Spain	125.7	130.2	122.2	125.2
Amman	121.3	127.0	118.7	122.9
Beirut	155.0	160.6	152.5	153.4
Gaza	135.8	138.3	129.3	135.0
United Nations Truce Supervision Organization (Israel)	135.8	138.3	129.3	135.0
United Nations Military Observer Group in India and Pakistan	131.6	139.1	129.9	137.1
United Nations Relief and Works Agency for Palestine Refugees in the Near East, Gaza	135.8	138.3	129.3	135.0
United Nations information centres	145.4	146.7	135.6	136.6

ANNEX III

Cost-of-living adjustments, by main duty station

Main duty station	Proposed programme budget		In the present report	
	1998	1999	1998	1999
New York	2.7	2.7	2.4	2.4
Geneva	-	-	-	-
Vienna	-	-	-	-
The Hague	1.3	1.3	1.3	1.3
Bangkok	3.6	3.6	3.6	3.6
Santiago	5.5	4.5	3.3	3.3
Mexico City	9.3	9.0	12.0	10.0
Addis Ababa	4.5	4.5	4.8	4.5
Nairobi	7.8	8.9	6.6	8.0
Port-of-Spain	3.1	3.2	2.4	3.1
Amman	4.5	4.5	2.6	4.5
Beirut	4.3	4.5	9.8	4.5
Gaza	5.8	6.3	9.9	6.2
United Nations Truce Supervision Organization (Israel)	5.8	6.3	9.9	6.2
United Nations Military Observer Group in India and Pakistan	7.3	6.8	1.9	6.5
United Nations Relief and Works Agency for Palestine Refugees in the Near East, Gaza	5.8	6.3	9.9	6.2
United Nations information centres	4.5	4.5	4.5	4.5

ANNEX IV

Effect of recosting, by section, subsection and main determining factor

(Thousands of United States dollars)

	Expenditure sections	Proposed programme budget, including adjustments referred to in para. 8	Estimate of increase			Estimated 1998-1999 appropriation
			Exchange rates	Inflation	Total changes	
1A.	Overall policy-making, direction and coordination	41 704.3	(631.2)	(182.5)	(813.7)	40 890.6
1B.	General Assembly affairs and conference services	457 732.8	(19 472.5)	(1 431.1)	(20 903.6)	436 829.2
2A.	Political affairs	42 289.4	(25.4)	(335.1)	(360.5)	41 928.9
2B.	Disarmament	12 254.2	(228.7)	(49.8)	(278.5)	11 975.7
3.	Peacekeeping operations and special missions	148 852.7	(4 857.9)	3 111.8	(1 746.1)	147 106.6
4.	Peaceful uses of outer space	4 428.9	(520.9)	59.3	(461.6)	3 967.3
5.	International Court of Justice	22 077.0	(1 607.4)	9.7	(1 597.7)	20 479.3
6.	Legal affairs	33 803.9	(584.3)	(153.8)	(738.1)	33 065.8
7A.	Economic and social affairs	110 427.7	(242.3)	(873.3)	(1 115.6)	109 312.1
8.	Africa: New Agenda for Development	5 443.0	(38.2)	(19.6)	(57.8)	5 385.2
11A.	Trade and development	105 657.9	(9 780.8)	419.8	(9 361.0)	96 296.9

	Expenditure sections	Proposed programme budget, including adjustments referred to in para. 8	Estimate of increase			Estimated 1998-1999 appropriation
			Exchange rates	Inflation	Total changes	
11B.	International Trade Centre UNCTAD/WTO	21 973.4	(1 894.1)	(266.6)	(2 160.7)	19 812.7
12.	Environment	9 304.4	(834.7)	337.7	(497.0)	8 807.4
13.	Human settlements	13 206.6	(1 227.6)	811.3	(416.3)	12 790.3
14.	Crime control	6 029.2	(695.2)	79.6	(615.6)	5 413.6
15.	International drug control	16 372.0	(1 811.1)	264.6	(1 546.5)	14 825.5
16.	Economic and social development in Africa	90 771.6	(4 538.1)	1 692.9	(2 845.2)	87 926.4
17.	Economic and social development in Asia and the Pacific	73 408.1	(24 276.0)	7 035.4	(17 240.6)	56 167.5
18.	Economic development in Europe	49 310.8	(4 611.3)	175.9	(4 435.4)	44 875.4
19.	Economic and social development in Latin America and the Caribbean	90 245.5	(1 081.9)	(1 256.7)	(2 338.6)	87 906.9
20.	Economic and social development in Western Asia	49 704.8	422.1	(201.9)	220.2	49 925.0
21.	Regular programme of technical cooperation	45 921.8	(2 609.9)	255.8	(2 354.1)	43 567.7
22.	Human rights	46 138.7	(4 120.0)	199.8	(3 920.2)	42 218.5
23.	Protection of and assistance to refugees	50 568.7	(4 692.2)	129.4	(4 562.8)	46 005.9

	Expenditure sections	Proposed programme budget, including adjustments referred to in para. 8	Estimate of increase			Estimated 1998-1999 appropriation
			Exchange rates	Inflation	Total changes	
24.	Palestine refugees	19 375.0	(1 735.9)	2 015.0	279.1	19 654.1
25.	Humanitarian assistance	18 401.1	(409.1)	(58.3)	(467.4)	17 933.7
26.	Communications and public information	139 009.0	(808.0)	(1 361.2)	(2 169.2)	136 839.8
27.	Administrative services	459 269.9	(15 633.8)	(1 022.7)	(16 656.5)	442 613.4
27A.	Administration, Office of the Under-Secretary-General for Management	11 290.9	-	(87.3)	(87.3)	11 203.6
27B.	Administration, Office of Programme Planning, Budget and Accounts	20 553.4	-	(163.4)	(163.4)	20 390.0
27C.	Administration, Office of Human Resources Management	45 354.0	-	(351.7)	(351.7)	45 002.3
27D.	Administration, Support services	222 904.5	(110.2)	(1 943.7)	(2 053.9)	220 850.6
27F.	Administration, Geneva	112 860.1	(10 258.5)	(17.1)	(10 275.6)	102 584.5
27G.	Administration, Vienna	34 415.6	(4 113.8)	447.1	(3 666.7)	30 748.9
27H.	Administration, Nairobi	11 891.4	(1 151.3)	1 093.4	(57.9)	11 833.5
28.	Internal oversight	18 637.3	(256.0)	(21.7)	(277.7)	18 359.6
29.	Jointly financed administrative activities	6 228.8	(706.2)	104.8	(601.4)	5 627.4
30.	Special expenses	53 720.8	(758.3)	(125.5)	(883.8)	52 837.0

	Expenditure sections	Proposed programme budget, including adjustments referred to in para. 8	Estimate of increase			Estimated 1998-1999 appropriation
			Exchange rates	Inflation	Total changes	
31.	Capital expenditures	35 893.4	(1 275.4)	(67.7)	(1 343.1)	34 550.3
32.	Staff assessment	325 448.0	(9 216.2)	(2 242.0)	(11 458.2)	313 989.8
34.	Development account	12 702.7	-	-	-	12 702.7
	Total, expenditure estimates (gross)	2 636 313.4	(120 758.5)	7 033.3	(113 725.2)	2 522 588.2